

**From:** "Ken Organ" <korgan@fsbmn.com> on 03/09/2006 04:55:00 PM

**Subject:** Commercial Real Estate Lending

March 9, 2006

Dear Sir or Madam:

After reviewing the proposed guidance regarding commercial real estate lending, I have some concerns. Although this guidance appears to have many issues that need discussion and resolve, my greatest concern lies in the broad scope of CRE loans that the guidance describes as "vulnerable to cyclical commercial real estate markets". In particular, it is unclear to me how 1-4 Family Residential Construction loans, in which the construction financing is obtained by the eventual occupant, will be treated. This type of lending has proved to be a successful niche for our bank. It is our contention that if underwritten properly, the risk profile for this segment is no greater than other 1-4 Family Residential loans in our portfolio. This is due to the fact that these loans are less influenced by the condition of the general CRE market. It is my hope that the final guidance will specifically recognize that these loans fall into a different risk classification and exclude them from the CRE definition.

Thank you for considering my comment.

**Ken Organ**

**Branch Manager**

**Farmers State Bank**

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